AMENDED IN ASSEMBLY MARCH 23, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 287

Introduced by Assembly Members Gordon, Eggman, and Mark Stone (Principal coauthor: Assembly Member Wilk) (Coauthor: Assembly Member Jones)

February 11, 2015

An act relating to vehicles. An act to amend Sections 3050, 3066, 4751, and 11713.3 of, to add Section 3065.2 to, and to add Article 1.1 (commencing with Section 11750) to Chapter 4 of Division 5 of, the Vehicle Code, relating to vehicle safety.

LEGISLATIVE COUNSEL'S DIGEST

AB 287, as amended, Gordon. Vehicles: safety recalls. Vehicle safety: recalls.

Existing law generally regulates the transfer and registration of motor vehicles. Existing federal law requires a motor vehicle manufacturer to notify the owner or purchaser of a motor vehicle when the manufacturer determines that the vehicle contains a safety-related defect or when the manufacturer is ordered by the federal Secretary of Transportation to notify vehicle owners and purchasers that a vehicle has a safety-related defect. Existing federal law also prohibits a motor vehicle dealer from selling a vehicle if it has been notified of a safety-related defect by the manufacturer, except as specified.

This bill would enact the Consumer Automotive Recall Safety Act, which would be operative on and after July 1, 2016. The act would require a vehicle manufacturer to display notifications of Stop Sale – Stop Drive recalls, as defined, on the manufacturer's Internet Web site.

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The act would require a vehicle manufacturer to provide a rental or loaner car for a consumer who seeks to have a vehicle repaired because of a recall, and the parts or procedures are not yet available to perform the repair. The act would also require a vehicle manufacturer to compensate its franchisees, as specified, for costs incurred in providing a loaner or rental car and storing a consumer's vehicle that is subject to recall if the parts or procedures are not yet available to perform the repair.

The act would prohibit a vehicle dealer from displaying or offering for sale at retail a used vehicle, unless the dealer has obtained a recall database report within 30 days of the display or offer. The act would prohibit a vehicle dealer from selling or leasing a vehicle at retail if the used vehicle that has a Stop Sale – Stop Drive recall until the recalled vehicle has been repaired, subject to exception. The act would prohibit a rental car company from offering a vehicle for rent unless the company has obtained a recall database report within 30 days of the offer. The act would prohibit a rental car company from renting a vehicle that has a Stop Sale – Stop Drive recall until the recalled vehicle has been repaired, subject to exception. By creating new prohibitions, the violation of which would be a crime under existing law, this bill would impose a state-mandated local program.

Existing law establishes the New Motor Vehicle Board in the Department of Motor Vehicles, and requires the board to hear and decide certain protests presented by a motor vehicle franchisee in regard to a dispute with the vehicle manufacturer.

This bill would, commencing July 1, 2016, authorize the board to hear and decide protests by franchisees regarding payments for providing a loaner or rental car and storing a consumer's vehicle subject to recall if the parts or procedures are not yet available to perform the repair. The bill would make additional conforming changes.

Existing law prescribes certain instances when the Department of Motor Vehicles may refuse registration, or renewal or transfer of registration, of a vehicle, including, among others, if the applicant has failed to furnish the department with an odometer disclosure statement, as specified.

This bill would additionally authorize the department, commencing July 1, 2016, to refuse registration, or renewal or transfer of registration, of a vehicle if the applicant has failed to furnish the department with a recall disclosure statement, as defined.

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Under existing law, a vehicle manufacturer, manufacturer branch, distributor, and distributor branch are prohibited from engaging in specified practices. Existing law makes a violation of these prohibitions a crime.

This bill would, commencing July 1, 2016, include within those prohibited practices, unfairly discriminating among franchisees with respect to reimbursement for costs incurred in providing a loaner or rental car and storing a consumer's vehicle that is subject to recall if the parts or procedures are not yet available to perform the repair. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The bill would state findings and declarations of the Legislature relative to vehicle recalls.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Existing law generally regulates the transfer and registration of motor vehicles. Existing federal law requires a motor vehicle manufacturer to notify the owner or purchaser of a motor vehicle when the manufacturer determines that the vehicle contains a safety-related defect or when the manufacturer is ordered by the federal Secretary of Transportation to notify vehicle owners and purchasers that a vehicle has a safety-related defect.

This bill would state the intent of the Legislature to enact the Consumer Automotive Recall Safety Act to provide comprehensive consumer protections that address the low recall repair completion rate and consumer confusion regarding automotive recalls in California.

Vote: majority. Appropriation: no. Fiscal committee: no-yes. State-mandated local program: no-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the 2 following:
- 3 (1) Over the past one-half decade, automakers and the National
- 4 Highway Traffic Safety Administration have issued more recalls
- 5 on new and used motor vehicles than ever before. The year 2014

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1 set the record for the most recalls on vehicles in United States 2 history with over 63.8 million vehicles recalled. The rate of vehicle 3 recalls has exponentially grown over this past one-half decade as 4 22 million recalls were issued in 2013 and 16.2 million were issued 5 in 2012. The increase of recalls in 2014 is a 190 percent increase 6 from 2013 and a 293.8 percent increase from 2012.

- (2) While federal motor vehicle safety standards are more demanding now than at any other point in time and new vehicles sold today are the safest in history, the exponential growth of recalls issued on motor vehicles has caused confusion and apathy for far too many Californians. According to the National Highway Traffic Safety Administration and others about one-third of all recalled vehicles are never repaired by the vehicle's owner.
- (3) Federal regulations now require most vehicle manufacturers to provide motor vehicle safety recall information applicable to the vehicles they manufacture on the Internet and available to the public. Dealers, rental car companies, and private parties offering vehicles for sale or rent now have greater access to recall information than ever before.
- (4) Federal law imposes a requirement not to sell a new vehicle subject to a recall, but neither federal nor California law addresses used vehicles subject to a recall. It is the intent of this act to address used vehicles subject to a recall that are not yet repaired.
- (b) Accordingly, it is the intent of the Legislature in enacting this act to increase consumer awareness of recalls in the car purchasing and rental process, to ensure that consumers have access to loaner and rental vehicles while their recalled vehicles are being repaired at a new motor vehicle dealer, and to ensure that a recalled vehicle that poses a risk of imminent harm is not sold or rented to Californians until the risk is removed and the vehicle is repaired.
- (c) The Legislature further finds and declares all of the following:
- (1) The distribution, sale, and service of new motor vehicles in the State of California vitally affects the general economy of this state and the public welfare.
- (2) The new motor vehicle franchise system, which operates within a strictly defined and highly regulated statutory scheme, assures the consuming public of a well-organized distribution system for the availability and sale of new motor vehicles

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throughout the state, provides a network of quality warranty, recall, and repair facilities to maintain those vehicles, and creates a cost-effective method for the state to police those systems through the licensing and regulation of private sector franchisors and franchisees.

- (3) Franchisors sometimes establish programs to reimburse franchisees for loaner or rental cars given to consumers whose vehicles have been recalled, but California franchise laws fail to establish guidelines for rental or loaner vehicle reimbursement.
- (4) California franchise laws require manufacturers to provide reasonable reimbursement to dealers for warranty and recall work, but fails to establish guidelines for compensating franchisee costs associated with recalled vehicles that cannot be repaired and remain in the franchisee's possession.
- (d) Accordingly, it is the intent of the Legislature in enacting this act to ensure that new motor vehicle dealer franchisees are treated fairly by their franchisors, that new motor vehicle dealer franchisees are reasonably reimbursed for providing loaner or rental vehicles to consumers who have recalled vehicles when the parts or procedures to make the recall repair are not available, and that new motor vehicle dealer franchisees are reasonably compensated for recalled vehicles at their dealerships that cannot immediately be repaired and must be stored by the franchisee at the dealership.
 - SEC. 2. Section 3050 of the Vehicle Code is amended to read: 3050. The board shall do all of the following:
- (a) Adopt rules and regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code governing those matters that are specifically committed to its jurisdiction.
- (b) Hear and determine, within the limitations and in accordance with the procedure provided, an appeal presented by an applicant for, or holder of, a license as a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative when the applicant or licensee submits an appeal provided for in this chapter from a decision arising out of the department.
- (c) Consider any matter concerning the activities or practices of any person applying for or holding a license as a new motor vehicle dealer, manufacturer, manufacturer branch, distributor,

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distributor branch, or representative pursuant to Chapter 4 (commencing with Section 11700) of Division 5 submitted by any person. A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, advise other members upon, or decide any matter considered by the board pursuant to this subdivision that involves a dispute between a franchisee and franchisor. After that consideration, the board may do any one or any combination of the following:

- (1) Direct the department to conduct investigation of matters that the board deems reasonable, and make a written report on the results of the investigation to the board within the time specified by the board.
- (2) Undertake to mediate, arbitrate, or otherwise resolve any honest difference of opinion or viewpoint existing between any member of the public and any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative.
- (3) Order the department to exercise any and all authority or power that the department may have with respect to the issuance, renewal, refusal to renew, suspension, or revocation of the license of any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative as that license is required under Chapter 4 (commencing with Section 11700) of Division 5.
- (d) Hear and decide, within the limitations and in accordance with the procedure provided, a protest presented by a franchisee pursuant to Section 3060, 3062, 3064, 3065, 3065.1, 3065.2, 3070, 3072, 3074, 3075, or 3076. A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, advise other members upon, or decide, any matter involving a protest filed pursuant to Article 4 (commencing with Section 3060), unless all parties to the protest stipulate otherwise.
- (e) Notwithstanding subdivisions (c) and (d), the courts have jurisdiction over all common law and statutory claims originally cognizable in the courts. For those claims, a party may initiate an action directly in any court of competent jurisdiction.
- SEC. 3. Section 3065.2 is added to the Vehicle Code, to read: 3065.2. (a) A claim made by a franchisee for payment under Section 11760 shall be either approved or disapproved within 30 days after receipt by the franchisor. When a claim is disapproved,

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the franchisee who submits it shall be notified in writing of its disapproval within the required period, and each notice shall state the specific grounds upon which the disapproval is based. Any claim not specifically disapproved in writing within 30 days from receipt shall be deemed approved on the 30th day.

- (b) Franchisee claims for compensation under Section 11760 shall not be disapproved unless the claim is false or fraudulent, the claim is ineligible under the statute, or for material noncompliance with reasonable and nondiscriminatory requirements of the franchisor, including documentation and administrative claims submission requirements.
- (c) The franchisor shall provide a reasonable appeal process allowing the franchisee at least 30 days after receipt of the written disapproval notice to respond to any disapproval with additional supporting documentation or information rebutting the disapproval. If disapproval is based upon noncompliance with documentation or administrative claims submission requirements, the franchisor shall allow the franchisee at least 30 days from the date of receipt of the written disapproval notice to cure any material noncompliance. If the disapproval is rebutted, and material noncompliance is cured before the applicable deadline, the franchisor shall approve the claim.
- (d) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim, and the franchisor continues to deny the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state "Final Denial" on the first page.
- (e) Following the disapproval of a claim, a franchisee shall have six months from receipt of the written notice described in either subdivision (a) or (d), whichever is later, to file a protest with the board for determination of whether the franchisor complied with subdivisions (a), (b), (c), and (d). In any hearing pursuant to this subdivision or subdivision (a), (b), (c), or (d), the franchisor shall have the burden of proof.
- (f) A claim made by franchisees under this section shall be paid within 30 days following approval. Failure to approve or pay within the time limits specified in this section, in individual

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instances for reasons beyond the reasonable control of the franchisor, is not a violation of this section.

- (g) (1) Audits of franchisee records for payment under Section 11760 may be conducted by the franchisor on a reasonable basis, and for a period of nine months after a claim is paid or credit issued. A franchisor shall not select a franchisee for an audit, or perform an audit, in a punitive, retaliatory, or unfairly discriminatory manner. A franchisor may conduct no more than one random audit of a franchisee in a nine-month period. The franchisor's notification to the franchisee of any additional audit within a nine-month period shall be accompanied by written disclosure of the basis for that additional audit.
- (2) Previously approved claims shall not be disapproved and charged back unless the claim is false or fraudulent, the claim is ineligible under the statute, or for material noncompliance with reasonable and nondiscriminatory requirements of the franchisor, including documentation and administrative claims submission requirements. A franchisor shall not disapprove a claim or chargeback a claim based upon an extrapolation from a sample of claims, unless the sample of claims is selected randomly and the extrapolation is performed in a reasonable and statistically valid manner.
- (3) If the franchisor disapproves of a previously approved claim following an audit, the franchisor shall provide to the franchisee, within 30 days after the audit, a written disapproval notice stating the specific grounds upon which the claim is disapproved. The franchisor shall provide a reasonable appeal process allowing the franchisee a reasonable period of not less than 30 days after receipt of the written disapproval notice to respond to any disapproval with additional supporting documentation or information rebutting the disapproval and to cure any material noncompliance, with the period to be commensurate with the volume of claims under consideration. If the franchisee rebuts any disapproval and cures any material noncompliance relating to a claim before the applicable deadline, the franchisor shall not chargeback the franchisee for that claim.
- (4) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim, and the franchisor continues to deny

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the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state "Final Denial" on the first page.

- (5) The franchisor shall not chargeback the franchisee until 45 days after the franchisee receives the written notice described in paragraph (3) or (4), whichever is later. If the franchisee cures any material noncompliance relating to a claim, the franchisor shall not chargeback the dealer for that claim. Any chargeback to a franchisee for under Section 11760 shall be made within 90 days after the franchisee receives that written notice. If the board sustains the chargeback or the protest is dismissed, the franchisor shall have 90 days following issuance of the final order or the dismissal to make the chargeback, unless otherwise provided in a settlement agreement.
- (6) Within six months after receipt of the written notice described in either paragraph (3) or (4), a franchisee may file a protest with the board for determination of whether the franchisor complied with this subdivision. If the franchisee files a protest pursuant to this subdivision prior to the franchisor's chargeback for denied claims, the franchisor shall not offset or otherwise undertake to collect the chargeback until the board issues a final order on the protest. In any protest pursuant to this subdivision, the franchisor shall have the burden of proof.
- (h) If a false claim was submitted by a franchisee with the intent to defraud the franchisor, a longer period for audit and any resulting chargeback may be permitted if the franchisor obtains an order from the board.
 - (i) This section shall become operative on July 1, 2016.
- SEC. 4. Section 3066 of the Vehicle Code is amended to read: 3066. (a) Upon receiving a protest pursuant to Section 3060, 3062, 3064, 3065, 3065.1, 3065.2, 3070, 3072, 3074, 3075, or 3076, the board shall fix a time within 60 days of the order, and place of hearing, and shall send by registered mail a copy of the order to the franchisor, the protesting franchisee, and all individuals and groups that have requested notification by the board of protests and decisions of the board. Except in a case involving a franchisee who deals exclusively in motorcycles, the board or its executive director may, upon a showing of good cause, accelerate or postpone the date initially established for a hearing, but the hearing may not

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1 be rescheduled more than 90 days after the board's initial order.

- 2 For the purpose of accelerating or postponing a hearing date, "good
- 3 cause" includes, but is not limited to, the effects upon, and any
- 4 irreparable harm to, the parties or interested persons or groups if 5
- the request for a change in hearing date is not granted. The board
- or an administrative law judge designated by the board shall hear 6
- 7 and consider the oral and documented evidence introduced by the
- 8 parties and other interested individuals and groups, and the board
- shall make its decision solely on the record so made. Chapter 4.5
- (commencing with Section 11400) of Part 1 of Division 3 of Title 10
- 2 of the Government Code and Sections 11507.3, 11507.6, 11507.7, 11
- 12 11511, 11511.5, 11513, 11514, 11515, and 11517 of the
- 13 Government Code apply to these proceedings. 14

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- (b) In a hearing on a protest filed pursuant to Section 3060, 3062, 3070, or 3072, the franchisor shall have the burden of proof to establish that there is good cause to modify, replace, terminate, or refuse to continue a franchise. The franchisee shall have the burden of proof to establish that there is good cause not to enter into a franchise establishing or relocating an additional motor vehicle dealership.
- (c) Except as otherwise provided in this chapter, in a hearing on a protest alleging a violation of, or filed pursuant to, Section 3064, 3065, 3065.1, 3065.2, 3074, 3075, or 3076, the franchisee shall have the burden of proof, but the franchisor has the burden of proof to establish that a franchisee acted with intent to defraud the franchisor-where when that issue is material to a protest filed pursuant to Section 3065, 3065.1, 3065.2, 3075, or 3076.
- (d) A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, or advise other members upon, or decide, a matter involving a protest filed pursuant to this article unless all parties to the protest stipulate otherwise.
- SEC. 5. Section 4751 of the Vehicle Code is amended to read: 4751. The department may refuse registration registration, or the renewal or transfer of registration registration, of a vehicle in any of the following events:
- (a) If the department is not satisfied that the applicant is entitled thereto under this code.
- (b) If the applicant has failed to furnish the department with information required in the application or reasonable additional information required by the department.

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(c) If the department determines that the applicant has made or permitted unlawful use of any registration certificate, certificate of ownership, or license plates.

- (d) If the vehicle is mechanically unfit or unsafe to be operated or moved on the highways.
- (e) If the department determines that a manufacturer or dealer has failed during the current or previous year to comply with the provisions of this code relating to the giving of notice to the department of the transfer of a vehicle during the current or previous year.
- (f) If the department determines that a lien exists, pursuant to Section 9800, against one or more other vehicles in which the applicant has an ownership interest.
- (g) If the applicant has failed to furnish the department with an odometer disclosure statement pursuant to subsection (a) of Section 32705 of Title 49 of the United States Code.
- (h) Commencing July 1, 2016, if the applicant has failed to furnish the department with a recall disclosure statement pursuant to Section 11758.
- SEC. 6. Section 11713.3 of the Vehicle Code is amended to read:
- 11713.3. It is unlawful and a violation of this code for a manufacturer, manufacturer branch, distributor, or distributor branch licensed pursuant to this code to do, directly or indirectly through an affiliate, any of the following:
- (a) To refuse or fail to deliver in reasonable quantities and within a reasonable time after receipt of an order from a dealer having a franchise for the retail sale of a new vehicle sold or distributed by the manufacturer or distributor, a new vehicle or parts or accessories to new vehicles as are covered by the franchise, if the vehicle, parts, or accessories are publicly advertised as being available for delivery or actually being delivered. This subdivision is not violated, however, if the failure is caused by acts or causes beyond the control of the manufacturer, manufacturer branch, distributor, or distributor branch.
- (b) To prevent or require, or attempt to prevent or require, by contract or otherwise, a change in the capital structure of a dealership or the means by or through which the dealer finances the operation of the dealership, if the dealer at all times meets reasonable capital standards agreed to by the dealer and the

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manufacturer or distributor, and if a change in capital structure does not cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor.

- (c) To prevent or require, or attempt to prevent or require, a dealer to change the executive management of a dealership, other than the principal dealership operator or operators, if the franchise was granted to the dealer in reliance upon the personal qualifications of that person.
- (d) (1) Except as provided in subdivision (t), to prevent or require, or attempt to prevent or require, by contract or otherwise, a dealer, or an officer, partner, or stockholder of a dealership, the sale or transfer of a part of the interest of any of them to another person. A dealer, officer, partner, or stockholder shall not, however, have the right to sell, transfer, or assign the franchise, or a right thereunder, without the consent of the manufacturer or distributor except that the consent shall not be unreasonably withheld.
- (2) (A) For the transferring franchisee to fail, prior to the sale, transfer, or assignment of a franchisee or the sale, assignment, or transfer of all, or substantially all, of the assets of the franchised business or a controlling interest in the franchised business to another person, to notify the manufacturer or distributor of the franchisee's decision to sell, transfer, or assign the franchise. The notice shall be in writing and shall include all of the following:
 - (i) The proposed transferee's name and address.
- (ii) A copy of all of the agreements relating to the sale, assignment, or transfer of the franchised business or its assets.
- (iii) The proposed transferee's application for approval to become the successor franchisee. The application shall include forms and related information generally utilized by the manufacturer or distributor in reviewing prospective franchisees, if those forms are readily made available to existing franchisees. As soon as practicable after receipt of the proposed transferee's application, the manufacturer or distributor shall notify the franchisee and the proposed transferee of information needed to make the application complete.
- (B) For the manufacturer or distributor, to fail, on or before 60 days after the receipt of all of the information required pursuant to subparagraph (A), or as extended by a written agreement between the manufacturer or distributor and the franchisee, to

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notify the franchisee of the approval or the disapproval of the sale, transfer, or assignment of the franchise. The notice shall be in writing and shall be personally served or sent by certified mail, return receipt requested, or by guaranteed overnight delivery service that provides verification of delivery and shall be directed to the franchisee. A proposed sale, assignment, or transfer shall be deemed approved, unless disapproved by the franchisor in the manner provided by this subdivision. If the proposed sale, assignment, or transfer is disapproved, the franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval.

(3) In an action in which the manufacturer's or distributor's withholding of consent under this subdivision or subdivision (e) is an issue, whether the withholding of consent was unreasonable is a question of fact requiring consideration of all the existing circumstances.

- (e) To prevent, or attempt to prevent, a dealer from receiving fair and reasonable compensation for the value of the franchised business. There shall not be a transfer or assignment of the dealer's franchise without the consent of the manufacturer or distributor, which consent shall not be unreasonably withheld or conditioned upon the release, assignment, novation, waiver, estoppel, or modification of a claim or defense by the dealer.
- (f) To obtain money, goods, services, or another benefit from a person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and that other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to, the dealer.
- (g) (1) Except as provided in paragraph (3), to obtain from a dealer or enforce against a dealer an agreement, provision, release, assignment, novation, waiver, or estoppel that does any of the following:
- (A) Modifies or disclaims a duty or obligation of a manufacturer, manufacturer branch, distributor, distributor branch, or representative, or a right or privilege of a dealer, pursuant to Chapter 4 (commencing with Section 11700) of Division 5 or Chapter 6 (commencing with Section 3000) of Division 2.
- (B) Limits or constrains the right of a dealer to file, pursue, or submit evidence in connection with a protest before the board.
 - (C) Requires a dealer to terminate a franchise.

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1 (D) Requires a controversy between a manufacturer, 2 manufacturer branch, distributor, distributor branch, 3 representative and a dealer to be referred to a person for a binding 4 determination. However, this subparagraph does not prohibit 5 arbitration before an independent arbitrator, provided that whenever a motor vehicle franchise contract provides for the use of arbitration 6 7 to resolve a controversy arising out of, or relating to, that contract, 8 arbitration may be used to settle the controversy only if, after the 9 controversy arises, all parties to the controversy consent in writing 10 to use arbitration to settle the controversy. For the purpose of this subparagraph, the terms "motor vehicle" and "motor vehicle 11 franchise contract" shall have the same meaning as defined in 12 13 Section 1226 of Title 15 of the United States Code. If arbitration 14 is elected to settle a dispute under a motor vehicle franchise 15 contract, the arbitrator shall provide the parties to the arbitration with a written explanation of the factual and legal basis for the 16 17 award.

- (2) An agreement, provision, release, assignment, novation, waiver, or estoppel prohibited by this subdivision shall be unenforceable and void.
 - (3) This subdivision does not do any of the following:
- (A) Limit or restrict the terms upon which parties to a protest before the board, civil action, or other proceeding can settle or resolve, or stipulate to evidentiary or procedural matters during the course of, a protest, civil action, or other proceeding.
- (B) Affect the enforceability of any stipulated order or other order entered by the board.
- (C) Affect the enforceability of any provision in a contract if the provision is not prohibited under this subdivision or any other law.
- 31 (D) Affect the enforceability of a provision in any contract 32 entered into on or before December 31, 2011.
 - (E) Prohibit a dealer from waiving its right to file a protest pursuant to Section 3065.1 if the waiver agreement is entered into after a franchisor incentive program claim has been disapproved by the franchisor and the waiver is voluntarily given as part of an agreement to settle that claim.
 - (F) Prohibit a voluntary agreement supported by valuable consideration, other than granting or renewing a franchise, that does both of the following:

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(i) Provides that a dealer establish or maintain exclusive facilities, personnel, or display space or provides that a dealer make a material alteration, expansion, or addition to a dealership facility.

- (ii) Contains no waiver or other provision prohibited by subparagraph (A), (B), (C), or (D) of paragraph (1).
- (G) Prohibit an agreement separate from the franchise agreement that implements a dealer's election to terminate the franchise if the agreement is conditioned only on a specified time for termination or payment of consideration to the dealer.
- (H) (i) Prohibit a voluntary waiver agreement, supported by valuable consideration, other than the consideration of renewing a franchise, to waive the right of a dealer to file a protest under Section 3062 for the proposed establishment or relocation of a specific proposed dealership, if the waiver agreement provides all of the following:
- (I) The approximate address at which the proposed dealership will be located.
- (II) The planning potential used to establish the proposed dealership's facility, personnel, and capital requirements.
- (III) An approximation of projected vehicle and parts sales, and number of vehicles to be serviced at the proposed dealership.
- (IV) Whether the franchisor or affiliate will hold an ownership interest in the proposed dealership or real property of the proposed dealership, and the approximate percentage of any franchisor or affiliate ownership interest in the proposed dealership.
 - (V) The line-makes to be operated at the proposed dealership.
- (VI) If known at the time the waiver agreement is executed, the identity of the dealer who will operate the proposed dealership.
- (VII) The date the waiver agreement is to expire, which may not be more than 30 months after the date of execution of the waiver agreement.
- (ii) Notwithstanding the provisions of a waiver agreement entered into pursuant to the provisions of this subparagraph, a dealer may file a protest under Section 3062 if any of the information provided pursuant to clause (i) has become materially inaccurate since the waiver agreement was executed. Any determination of the enforceability of a waiver agreement shall be determined by the board and the franchisor shall have the burden of proof.

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(h) To increase prices of motor vehicles that the dealer had ordered for private retail consumers prior to the dealer's receipt of the written official price increase notification. A sales contract signed by a private retail consumer is evidence of the order. In the event of manufacturer price reductions, the amount of the reduction received by a dealer shall be passed on to the private retail consumer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer. Price reductions apply to all vehicles in the dealer's inventory that were subject to the price reduction. Price differences applicable to new model or series motor vehicles at the time of the introduction of new models or series shall not be considered a price increase or price decrease. This subdivision does not apply to price changes caused by either of the following:

- (1) The addition to a motor vehicle of required or optional equipment pursuant to state or federal law.
- (2) Revaluation of the United States dollar in the case of a foreign-make vehicle.
- (i) To fail to pay to a dealer, within a reasonable time following receipt of a valid claim by a dealer thereof, a payment agreed to be made by the manufacturer or distributor to the dealer by reason of the fact that a new vehicle of a prior year model is in the dealer's inventory at the time of introduction of new model vehicles.
- (j) To deny the widow, widower, or heirs designated by a deceased owner of a dealership the opportunity to participate in the ownership of the dealership or successor dealership under a valid franchise for a reasonable time after the death of the owner.
- (k) To offer refunds or other types of inducements to a person for the purchase of new motor vehicles of a certain line-make to be sold to the state or a political subdivision of the state without making the same offer to all other dealers in the same line-make within the relevant market area.
- (*l*) To modify, replace, enter into, relocate, terminate, or refuse to renew a franchise in violation of Article 4 (commencing with Section 3060) of Chapter 6 of Division 2.
- (m) To employ a person as a representative who has not been licensed pursuant to Article 3 (commencing with Section 11900) of Chapter 4 of Division 5.
- (n) To deny a dealer the right of free association with another dealer for a lawful purpose.

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(o) (1) To compete with a dealer in the same line-make operating under an agreement or franchise from a manufacturer or distributor in the relevant market area.

- (2) A manufacturer, branch, or distributor or an entity that controls or is controlled by, a manufacturer, branch, or distributor, shall not, however, be deemed to be competing in the following limited circumstances:
- (A) Owning or operating a dealership for a temporary period, not to exceed one year at the location of a former dealership of the same line-make that has been out of operation for less than six months. However, after a showing of good cause by a manufacturer, branch, or distributor that it needs additional time to operate a dealership in preparation for sale to a successor independent franchisee, the board may extend the time period.
- (B) Owning an interest in a dealer as part of a bona fide dealer development program that satisfies all of the following requirements:
- (i) The sole purpose of the program is to make franchises available to persons lacking capital, training, business experience, or other qualities ordinarily required of prospective franchisees and the dealer development candidate is an individual who is unable to acquire the franchise without assistance of the program.
- (ii) The dealer development candidate has made a significant investment subject to loss in the franchised business of the dealer.
- (iii) The program requires the dealer development candidate to manage the day-to-day operations and business affairs of the dealer and to acquire, within a reasonable time and on reasonable terms and conditions, beneficial ownership and control of a majority interest in the dealer and disassociation of any direct or indirect ownership or control by the manufacturer, branch, or distributor.
- (C) Owning a wholly owned subsidiary corporation of a distributor that sells motor vehicles at retail, if, for at least three years prior to January 1, 1973, the subsidiary corporation has been a wholly owned subsidiary of the distributor and engaged in the sale of vehicles at retail.
- (3) (A) A manufacturer, branch, and distributor that owns or operates a dealership in the manner described in subparagraph (A) of paragraph (2) shall give written notice to the board, within 10 days, each time it commences or terminates operation of a

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dealership and each time it acquires, changes, or divests itself of an ownership interest.

- (B) A manufacturer, branch, and distributor that owns an interest in a dealer in the manner described in subparagraph (B) of paragraph (2) shall give written notice to the board, annually, of the name and location of each dealer in which it has an ownership interest, the name of the bona fide dealer development owner or owners, and the ownership interests of each owner expressed as a percentage.
- (p) To unfairly discriminate among its franchisees with respect to warranty reimbursement or authority granted to its franchisees to make warranty adjustments with retail customers.
- (q) To sell vehicles to a person not licensed pursuant to this chapter for resale.
- (r) To fail to affix an identification number to a park trailer, as described in Section 18009.3 of the Health and Safety Code, that is manufactured on or after January 1, 1987, and that does not clearly identify the unit as a park trailer to the department. The configuration of the identification number shall be approved by the department.
- (s) To dishonor a warranty, rebate, or other incentive offered to the public or a dealer in connection with the retail sale of a new motor vehicle, based solely upon the fact that an autobroker arranged or negotiated the sale. This subdivision shall not prohibit the disallowance of that rebate or incentive if the purchaser or dealer is ineligible to receive the rebate or incentive pursuant to any other term or condition of a rebate or incentive program.
- (t) To exercise a right of first refusal or other right requiring a franchisee or an owner of the franchise to sell, transfer, or assign to the franchisor, or to a nominee of the franchisor, all or a material part of the franchised business or of the assets of the franchised business unless all of the following requirements are met:
- (1) The franchise authorizes the franchisor to exercise a right of first refusal to acquire the franchised business or assets of the franchised business in the event of a proposed sale, transfer, or assignment.
- (2) The franchisor gives written notice of its exercise of the right of first refusal no later than 45 days after the franchisor receives all of the information required pursuant to subparagraph (A) of paragraph (2) of subdivision (d).

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(3) The sale, transfer, or assignment being proposed relates to not less than all or substantially all of the assets of the franchised business or to a controlling interest in the franchised business.

- (4) The proposed transferee is neither a family member of an owner of the franchised business, nor a managerial employee of the franchisee owning 15 percent or more of the franchised business, nor a corporation, partnership, or other legal entity owned by the existing owners of the franchised business. For purposes of this paragraph, a "family member" means the spouse of an owner of the franchised business, the child, grandchild, brother, sister, or parent of an owner, or a spouse of one of those family members. This paragraph does not limit the rights of the franchisor to disapprove a proposed transferee as provided in subdivision (d).
- (5) Upon the franchisor's exercise of the right of first refusal, the consideration paid by the franchisor to the franchisee and owners of the franchised business shall equal or exceed all consideration that each of them were to have received under the terms of, or in connection with, the proposed sale, assignment, or transfer, and the franchisor shall comply with all the terms and conditions of the agreement or agreements to sell, transfer, or assign the franchised business.
- (6) The franchisor shall reimburse the proposed transferee for expenses paid or incurred by the proposed transferee in evaluating, investigating, and negotiating the proposed transfer to the extent those expenses do not exceed the usual, customary, and reasonable fees charged for similar work done in the area in which the franchised business is located. These expenses include, but are not limited to, legal and accounting expenses, and expenses incurred for title reports and environmental or other investigations of real property on which the franchisee's operations are conducted. The proposed transferee shall provide the franchisor a written itemization of those expenses, and a copy of all nonprivileged reports and studies for which expenses were incurred, if any, within 30 days of the proposed transferee's receipt of a written request from the franchisor for that accounting. The franchisor shall make payment within 30 days of exercising the right of first refusal.
- (u) (1) To unfairly discriminate in favor of a dealership owned or controlled, in whole or in part, by a manufacturer or distributor or an entity that controls or is controlled by the manufacturer or

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distributor. Unfair discrimination includes, but is not limited to,
the following:
(A) The furnishing to a franchisee or dealer that is owned or

- (A) The furnishing to a franchisee or dealer that is owned or controlled, in whole or in part, by a manufacturer, branch, or distributor of any of the following:
- (i) A vehicle that is not made available to each franchisee pursuant to a reasonable allocation formula that is applied uniformly, and a part or accessory that is not made available to all franchisees on an equal basis when there is no reasonable allocation formula that is applied uniformly.
- (ii) A vehicle, part, or accessory that is not made available to each franchisee on comparable delivery terms, including the time of delivery after the placement of an order. Differences in delivery terms due to geographic distances or other factors beyond the control of the manufacturer, branch, or distributor shall not constitute unfair competition.
- (iii) Information obtained from a franchisee by the manufacturer, branch, or distributor concerning the business affairs or operations of a franchisee in which the manufacturer, branch, or distributor does not have an ownership interest. The information includes, but is not limited to, information contained in financial statements and operating reports, the name, address, or other personal information or buying, leasing, or service behavior of a dealer customer, and other information that, if provided to a franchisee or dealer owned or controlled by a manufacturer or distributor, would give that franchisee or dealer a competitive advantage. This clause does not apply if the information is provided pursuant to a subpoena or court order, or to aggregated information made available to all franchisees.
- (iv) Sales or service incentives, discounts, or promotional programs that are not made available to all California franchises of the same line-make on an equal basis.
- (B) Referring a prospective purchaser or lessee to a dealer in which a manufacturer, branch, or distributor has an ownership interest, unless the prospective purchaser or lessee resides in the area of responsibility assigned to that dealer or the prospective purchaser or lessee requests to be referred to that dealer. For purposes of this subparagraph, the term "area of responsibility" means a geographic area specified in a franchise that is used by

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the franchisor for the purpose of evaluating the franchisee's performance of its sales and service obligations.

- (2) This subdivision does not prohibit a franchisor from granting a franchise to prospective franchisees or assisting those franchisees during the course of the franchise relationship as part of a program or programs to make franchises available to persons lacking capital, training, business experience, or other qualifications ordinarily required of prospective franchisees.
- (v) (1) To access, modify, or extract information from a confidential dealer computer record, as defined in Section 11713.25, without obtaining the prior written consent of the dealer and without maintaining administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of the information.
- (2) Paragraph (1) does not limit a duty that a dealer may have to safeguard the security and privacy of records maintained by the dealer.
- (w) (1) To use electronic, contractual, or other means to prevent or interfere with any of the following:
- (A) The lawful efforts of a dealer to comply with federal and state data security and privacy laws.
 - (B) The ability of a dealer to do either of the following:
- (i) Ensure that specific data accessed from the dealer's computer system is within the scope of consent specified in subdivision (v).
- (ii) Monitor specific data accessed from or written to the dealer's computer system.
- (2) Paragraph (1) does not limit a duty that a dealer may have to safeguard the security and privacy of records maintained by the dealer.
- (x) (1) To unfairly discriminate against a franchisee selling a service contract, debt cancellation agreement, maintenance agreement, or similar product not approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate. For purposes of this subdivision, unfair discrimination includes, but is not limited to, any of the following:
- (A) Express or implied statements that the dealer is under an obligation to exclusively sell or offer to sell service contracts, debt cancellation agreements, or similar products approved, endorsed,

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sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate.

- (B) Express or implied statements that selling or offering to sell service contracts, debt cancellation agreements, maintenance agreements, or similar products not approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate, or the failure to sell or offer to sell service contracts, debt cancellation agreements, maintenance agreements, or similar products approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate will have any negative consequences for the dealer.
- (C) Measuring a dealer's performance under a franchise agreement based upon the sale of service contracts, debt cancellation agreements, or similar products approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate.
- (D) Requiring a dealer to actively promote the sale of service contracts, debt cancellation agreements, or similar products approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate.
- (E) Conditioning access to vehicles or parts, or vehicle sales or service incentives upon the sale of service contracts, debt cancellation agreements, or similar products approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate.
- (2) Unfair discrimination does not include, and nothing shall prohibit a manufacturer from, offering an incentive program to vehicle dealers who voluntarily sell or offer to sell service contracts, debt cancellation agreements, or similar products approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate, if the program does not provide vehicle sales or service incentives.
- (3) This subdivision does not prohibit a manufacturer, manufacturer branch, distributor, or distributor branch from requiring a franchisee that sells a used vehicle as "certified" under a certified used vehicle program established by the manufacturer, manufacturer branch, distributor, or distributor branch to provide a service contract approved, endorsed, sponsored, or offered by

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the manufacturer, manufacturer branch, distributor, or distributor branch.

(4) Unfair discrimination does not include, and nothing shall prohibit a franchisor from requiring a franchisee to provide, the following notice prior to the sale of the service contract if the service contract is not provided or backed by the franchisor and the vehicle is of the franchised line-make:

"Service Contract Disclosure

The service contract you are purchasing is not provided or backed by the manufacturer of the vehicle you are purchasing. The manufacturer of the vehicle is not responsible for claims or repairs under this service contract.

Signature of Purchaser"

- (y) To take or threaten to take any adverse action against a dealer pursuant to an export or sale-for-resale prohibition because the dealer sold or leased a vehicle to a customer who either exported the vehicle to a foreign country or resold the vehicle in violation of the prohibition, unless the export or sale-for-resale prohibition policy was provided to the dealer in writing prior to the sale or lease, and the dealer knew or reasonably should have known of the customer's intent to export or resell the vehicle in violation of the prohibition at the time of sale or lease. If the dealer causes the vehicle to be registered in this or any other state, and collects or causes to be collected any applicable sales or use tax due to this state, a rebuttable presumption is established that the dealer did not have reason to know of the customer's intent to export or resell the vehicle.
- (z) As used in this section, "area of responsibility" is a geographic area specified in a franchise that is used by the franchisor for the purpose of evaluating the franchisee's performance of its sales and service obligations.
- (z) Commencing July 1, 2016, to unfairly discriminate among its franchisees with respect to reimbursement or authority granted to its franchisees pursuant to subdivision (c) or (d) of Section 11760.
- SEC. 7. Article 1.1 (commencing with Section 11750) is added to Chapter 4 of Division 5 of the Vehicle Code, to read:

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Article 1.1. Consumer Automotive Recall Safety Act

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- 11750. This chapter shall be known, and may be cited, as the Consumer Automotive Recall Safety Act (CARS Act).
 - 11752. As used in this chapter, the following definitions apply:
 - (a) The term "dealer" has the same meaning as in Section 285.
- (b) (1) A "manufacturer's recall" is a recall conducted pursuant to Sections 30118 to 30120, inclusive, of Title 49 of the United States Code, the National Highway Traffic and Motor Vehicle Safety Act (49 U.S.C. Sec. 30101, et seq.).
- (2) A manufacturer's recall does not include a service campaign or emission recall when the vehicle manufacturer or the National Highway Traffic Safety Administration has not issued a recall notice to owners of affected vehicles, pursuant to Section 30118 of Title 49 of the United States Code, the National Highway Traffic and Motor Vehicle Safety Act (49 U.S.C. Sec. 30101, et seq.). A manufacturer's recall does not include a Stop Sale Stop Drive recall.
- (c) The term "new motor vehicle dealer" has the same meaning as in Section 426.
- (d) A "recall database" is a database from which an individual may obtain vehicle identification number (VIN) specific Stop Sale Stop Drive recall and manufacturer's recall information relevant to a specific vehicle.
- (1) For a vehicle manufacturer that is not subject to the regulations adopted pursuant to Section 31301 of the federal Moving Ahead for Progress in the 21st Century Act (Public Law 112-141), a recall database is one of the following:
- (A) The recall data on a vehicle manufacturer's Internet Web site for a specific vehicle's line make.
- (B) The recall data in a vehicle manufacturer's internal system that provides information to its franchisees on vehicles subject to recall.
- (C) The recall data in subparagraph (A) or (B) that is contained in a commercially available vehicle history system.
- (2) For a vehicle manufacturer that is subject to the regulations adopted pursuant to Section 31301 of the federal Moving Ahead for Progress in the 21st Century Act (Public Law 112-141), a recall database shall include, at a minimum, the recall information

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required pursuant to Section 573.15 of Title 49 of the Code of Federal Regulations.

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- (e) A "recall database report" is a report, specific to a vehicle that is identified by its VIN, containing information obtained from a recall database.
- (f) A "rental car company" is a person or entity in the business of renting passenger vehicles to the public in California.
- (g) A "Stop Sale Stop Drive recall" is a recall notice provided to owners of affected vehicles, pursuant to Sections 30118 to 30120, inclusive, of Title 49 of the United States Code, the National Highway Traffic and Motor Vehicle Safety Act (49 U.S.C. Sec. 30101, et seq.), when the vehicle manufacturer or the National Highway Traffic Safety Administration informs the dealer to stop the sale of the vehicle or contains preremedy precaution advice to the owner to stop operating the vehicle.
- (h) A "vehicle manufacturer" is a person who manufactures, assembles, or distributes new motor vehicles, sold or leased, that are subject to registration under this code.
- 11754. (a) A dealer shall not display or offer for sale at retail a used vehicle, as defined in Section 665 and subject to registration under this code, unless the dealer has obtained a recall database report within 30 days of the display or offer.
- (b) If a recall database report obtained by a dealer indicates that a used vehicle is subject to a Stop Sale Stop Drive recall, the dealer is prohibited from selling or leasing that vehicle at retail until the recall repair has been made.
- (c) If a recall database report obtained by a dealer indicates that a used vehicle is subject to a manufacturer's recall and the used vehicle is of the same line make as the franchise of the new motor vehicle dealer, the dealer is prohibited from selling or leasing that vehicle at retail until the recall repair has been made.
- (d) If a recall database report obtained by a dealer indicates that a used vehicle is subject to a manufacturer's recall and the used vehicle is not of the same line make as the franchise of the new motor vehicle dealer or the dealer does not have a franchise, the dealer may sell or lease the vehicle at retail if all of the following are satisfied:
- (1) The dealer discloses the manufacturer's recall by providing a copy of the recall database report to the consumer prior to sale or lease.

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(2) The consumer signs the disclosure acknowledging that the vehicle has a manufacturer's recall and that the consumer can get the recall repaired at no cost to the consumer at a new motor vehicle dealer of the vehicle's line make.

- (e) To comply with subdivision (d), and notwithstanding Section 2981.9 of the Civil Code, a recall database report, that indicates the vehicle is subject to a manufacturer's recall and the recall repair has not been made, shall be disclosed and the disclosure signed by the consumer in a document separate from the conditional sales contract or other vehicle purchase agreement.
- 11756. (a) A rental car company shall not offer a vehicle for rent unless the rental car company has obtained a recall database report within 30 days of the offer.
- (b) If a recall database report obtained by a rental car company indicates that a vehicle is subject to a Stop Sale Stop Drive recall, the rental car company is prohibited from renting that vehicle until the recall repair has been made.
- (c) If a recall database report obtained by a rental car company that a vehicle is subject to a manufacturer's recall, the rental car company may rent the vehicle if all of the following are satisfied:
- (1) The rental car company discloses the manufacturer's recall by providing a copy of the recall database report to the consumer prior to rental.
- (2) The consumer signs the disclosure acknowledging that the vehicle is subject to a manufacturer's recall.
- 11758. (a) The department may refuse transfer of registration of a motor vehicle under this code unless the transferee, in submitting an application to the department for title, includes with the application a statement signed and dated by the transferor acknowledging that all Stop Sale Stop Drive recalls and manufacturer's recalls were disclosed to the transferee as provided in subdivision (c).
- (b) If the title to a motor vehicle issued to a transferor is in the possession of a lienholder when the transferor transfers ownership of the vehicle, the transferor may use a written power of attorney in making the recall disclosure required under subdivision (c).
- (c) A transferor transferring registration of a motor vehicle shall disclose, in writing, to the transferee all Stop Sale – Stop Drive recalls and manufacturer's recalls. A person acquiring the

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vehicle shall not accept a vehicle transfer and reassignment document unless it is complete.

- (d) Subdivisions (a), (b), and (c) do not apply to the transfer of a motor vehicle to a dealer or wholesaler.
- 11760. (a) A vehicle manufacturer shall clearly and conspicuously display on its Internet Web Site and in all recall notifications pursuant to Section 30118 of Title 49 of the United States Code, the National Highway Traffic and Motor Vehicle Safety Act (49 U.S.C. Sec. 30101, et seq.), whether a vehicle is subject to a Stop Sale Stop Drive recall.
- (b) When a consumer seeks to repair a vehicle subject to a Stop Sale Stop Drive recall or manufacturer's recall as identified in a recall database report and the parts or procedures for the repair are not yet available, the vehicle manufacturer shall, upon request by the consumer, provide a rental or loaner vehicle to the consumer at no cost to the consumer until the recall repair has been made.
- (c) If a vehicle manufacturer requires a franchisee to provide a rental or loaner vehicle to a consumer under subdivision (b), the vehicle manufacturer shall adequately and fairly compensate the franchisee for all costs incurred in providing a loaner or rental vehicle to a consumer. For purposes of this paragraph, adequate and fair compensation shall be the average daily rental amount of ____ dollars (\$____) for each day a consumer uses a loaner or rental vehicle.
- (d) A vehicle manufacturer shall adequately and fairly compensate each of its franchisees for all costs incurred in storing vehicles with a Stop Sale Stop Drive recall or manufacturer's recall in the franchisee's possession if the parts or procedures are not yet available to repair the recall of the vehicle. For purposes of this paragraph, adequate and fair compensation shall be the average daily amount of ____ dollars (\$____) for each day a vehicle subject to a Stop Sale Stop Drive recall or manufacturer's recall is in the franchisee's possession, the parts or procedures are not yet available to repair the recall of the vehicle, and the recall repair has not been made.
- 11762. (a) This chapter shall not create any legal duty upon the dealer, franchisee, rental car company, or private seller related to the accuracy, errors, or omissions contained in a recall database report or any legal duty to provide information added to a recall database after the dealer, franchisee, rental car company, or

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private seller obtained the recall database report pursuant to Sections 11754, 11756, and 11758.

- (b) The provisions of this article are severable. If any provision of this article or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.
- (c) This chapter does not apply to the sale of a recreational vehicle, a motorcycle, an off-highway motor vehicle subject to identification under Section 38010, a vehicle sold by a dismantler after being reported for dismantling pursuant to Section 11520, or a vehicle sold by a salvage pool after obtaining a salvage pool certificate pursuant to Section 11515 or a nonrepairable vehicle certificate issued pursuant to Section 11515.2.
 - (d) This chapter shall become operative on July 1, 2016.
- SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SECTION 1. It is the intent of the Legislature to enact the Consumer Automotive Recall Safety Act to provide comprehensive consumer protections that address the low recall repair completion rate and consumer confusion regarding automotive recalls in California.